

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

INFORMATICA CORPORATION, et al.,
Plaintiffs,
v.
Business Objects Data Integration, Inc.,
Defendants.

No. C 02-3378 JSW (JL)
E-FILED

**ORDER GRANTING IN PART MOTION
TO COMPEL (Docket # 187)**

Summary

Plaintiff Informatica Corporation ("Informatica") moves to compel answers to interrogatories and production of documents which Defendant BODI withholds as protected by the attorney-client privilege and the work product doctrine. The motion is granted in part. This Court finds that BODI waived attorney-client privilege for both pre- and post-filing communications on the subject of the opinion on which it relies for its advice-of-counsel defense and for work product on the same subject which was communicated to BODI, including documents which reference any attorney-client communications on that subject. Such waiver applies to opinion counsel and trial counsel alike.

While opinion counsel and trial counsel can be walled off from each other, the immurement is immaterial -- what matters, according to the Federal Circuit in *Echostar*, is the state of mind of BODI relative to infringement. It is immaterial whether BODI's opinion

counsel and trial counsel are from the same firm, different firms or are even the same person. What matters is the following:

1. BODI relies on advice of counsel as a defense to Informatica's charge that it willfully infringed Informatica's patents;

2. Therefore, BODI waives any privilege for communications with counsel on the subject of the opinion or advice on which it relies, as well as work product on that subject communicated to BODI or which refers to communications on that subject; and

3. Informatica alleges that BODI continues to infringe Informatica's patents;

4. Therefore, Informatica is entitled to information subject to waiver which BODI received even after Informatica filed its complaint; and

5. The categories of information which BODI must turn over to Informatica include (a) attorney-client communications with any counsel on the subject of the opinion or advice on which BODI relies; (b) work product communicated to BODI on that same subject; (c) work product which reflects any communication on that subject.

Background

Informatica Corporation ("Informatica") is suing Business Objects Data Integration, Inc. ("BODI", formerly Acta Technology) for patent infringement. All discovery in this case has been referred by the district court (Hon. Jeffrey S. White) as provided by 28 U.S.C. §636(b) and Civil Local Rule 72. The district court on April 18 approved the parties' stipulation re damages, expert reports and the discovery cut-off. Fact discovery closed June 5, 2006.

BODI contends that disclosures of privileged information and the deposition of opinion counsel should be delayed until after the parties file their motions for summary judgment. Pursuant to the order setting dates, [Docket No. 147], BODI produced its written opinions of counsel on January 31, 2006. Tadlock Decl. ¶ 11. Informatica recently has sought to depose both the attorney who authored the opinions, and also the BODI representative who received the opinion (who happens to be BODI's in-house counsel). *Id.* ¶ 12. Such depositions would require further disclosure of attorney-client communications

Although both parties agree that this Court may utilize a representative claims approach for trial, they disagree over what those representative claims should be. The Court exhorts the parties further meet and confer in person in an effort to resolve this dispute and submit a status report by no later than June 26, 2006. Until this dispute is resolved, the Court cannot proceed with the current schedule set for dispositive motions in this matter.

The parties on June 26 advised the district court that they would be submitting a stipulation as to the representative claims. (Status Report at Docket # 225) The district court on July 5 approved the parties' stipulation extending damages expert discovery to August 31 (Docket #229).

This Court received the parties' joint letter brief arguing the merits of their positions on the scope of any waiver of the attorney-client privilege and the work product doctrine resulting from BODI's assertion of the advice-of-counsel defense. An additional wrinkle is that one of the attorneys who rendered an opinion on infringement is a member of the same firm which represents BODI in this litigation.

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1 In its portion of the letter brief, BODI “respectfully requests that it be allowed full
2 briefing on the merits if the Court were to consider granting Informatica’s motion in whole or
3 in part.” (Letter brief, Docket # 187, at pages 3 and 4)

4 The Court was inclined to grant Informatica’s motion and ordered the parties to brief
5 the issue of the existence and scope of the waiver of both attorney-client privilege and the
6 work product doctrine, particularly in light of the following authorities: *AKEVA L.L.C. v*
7 *Mizuno Corporation*, 243 F. Supp. 2d 418 (M.D.N.C. 2003); *Novartis Pharmaceuticals*
8 *Corporation v. Eon Labs Manufacturing, Inc.*, 206 F.R.D. 396 (D.Del. 2002); *Convolve, Inc.*
9 *v. Compaq Computer Corp.*, 224 F.R.D. 98 (S.D.N.Y. 2004); David Hricik, *How Things*
10 *Snowball: The Ethical Responsibilities and Liability Risks Arising from Representing a*
11 *Single Client in Multiple Patent-related Representations*, Georgetown Journal of Legal
12 Ethics, Spring 2005, 18 Geo. J. Legal Ethics 421.

13 The parties then requested an opportunity also to brief the impact on this case of the
14 decision by the Federal Circuit in the case of *In re EchoStar Communications Corp.* 448
15 F.3d 1294 (Fed. Cir. 2006), which was decided May 1, 2006. The Court granted their
16 request and briefing was submitted. The Court took the matter under submission.

17 Argument

18 BODI argues that this Court should give precedence to the Federal Circuit’s
19 decisions and specifically *Echostar*, which absolved from disclosure any work product not
20 disclosed to the client.

21 When an alleged patent infringer asserts an advice-of-counsel defense regarding
22 willful infringement, it waives its attorney-client privilege and work-product immunity
23 for any document or opinion that embodies or discusses a communication to or from
24 it concerning whether that patent is valid, enforceable, and infringed by the accused;
waiver includes not only any letters, memorandum, conversation, or the like between
the attorney and his or her client, but, when appropriate, any documents referencing
a communication between attorney and client.

25 *Id.* at 1304.

26 BODI argues that there is a significant difference between the same individual
27 lawyer being both opinion and litigation counsel and those roles being played by different
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1 lawyers with the same firm. BODI contends that “[w]here the same individual lawyer does
2 not act as both trial and opinion counsel, the proper balance is to not require disclosure of
3 such sensitive communications, which are not relevant to the alleged infringer’s state of
4 mind. [Docket No. 198, ¶. 4-6.]”

5 BODI urges this Court to “not extend the waiver of attorney-client privilege to BODI’s
6 trial counsel, but rather follow the Northern District cases that find the trial counsel’s
7 communications are not discoverable. *E.g., Sharper Image Corp. v. Honeywell International*
8 *Inc.*, 222 F.R.D. 621 at 634-46 (N.D.Cal. 2004); *Collaboration Properties, Inc. v. Polycom,*
9 *Inc.*, 224 F.R.D. 473 at 475-77 (N.D.Cal. 2004); *Terra Novo, Inc. V. Golden Gate Products,*
10 *Inc.*, 2004 WL 2254559 at *3 (N.D.Cal. 2004).”

11 This Court examined those cases and finds they are factually distinguishable: in
12 *Sharper Image* there was separately retained litigation counsel. In *Collaboration Properties*
13 trial counsel did not provide any pre-litigation advice. In *Terra Novo*, trial and litigation
14 counsel were with separate firms. Consequently, BODI’s citation to these cases is not than
15 convincing.

16 BODI asks this Court to interpret *EchoStar* to hold that attorney work product is not
17 discoverable unless it is communicated to the client or discusses a communication with a
18 client. *In re EchoStar*, 448 F.3d at 1305. (“counsel’s legal opinions and mental impressions
19 that were not communicated . . . are . . . not within the scope of the waiver . . . work product
20 that was not communicated to EchoStar or does not reflect a communication is not within
21 the scope of EchoStar’s waiver because it obviously played no part in EchoStar’s belief as
22 to infringement of the ‘389 patent.” *Id.*

23 The Federal Circuit reasoned that “if a legal opinion or mental impression was never
24 communicated to the client, then it provides little if any assistance to the court in
25 determining whether the accused knew it was infringing, and any relative value is
26 outweighed by the policies supporting the work-product doctrine.” *Id.* at 1304. Thus, says
27 BODI, if this Court orders production of any of trial counsel’s materials, it should extend
28 only to materials that were communicated to BODI, not uncommunicated work product.

1 BODI asks the Court not to ignore this clear mandate from *EchoStar*.

2 Informatica argues that BODI's trial counsel's uncommunicated work product is
3 discoverable because Mr. Albert and BODI's trial counsel are from the same law firm.
4 [Docket No. 206 at 7-8.] To the extent that Informatica relies on *Novartis* for this
5 proposition, BODI asks the Court to find that case distinguishable because there the same
6 individual attorney acted as both opinion and trial counsel. *Novartis Pharms. Corp. v. Eon*
7 *Labs Mfg.*, 206 F.R.D. 392, 399 (D. Del. 2002) ("Eon's opinion counsel, Mr. Pontani, has
8 actually entered an appearance in this matter.") BODI points to the appearance by opinion
9 counsel in *Novartis* as distinguishing that case from the case at bar, where opinion counsel
10 has not made an appearance.

11 Moreover, to the extent *Novartis* is inconsistent with *EchoStar*, BODI urges this
12 Court to rule that the former is no longer good law and deny Informatica's motion to compel
13 production of uncommunicated work product. BODI argues that *EchoStar* directly
14 contradicts this argument. With regard to work product, the Federal Circuit determined that
15 uncommunicated work product "provides little if any assistance" in determining a
16 defendant's state of mind. *In re EchoStar*, 448 F.3d at 1305.

17 That Mr. Albert and BODI's trial counsel are members of the same firm, argues
18 BODI, has no bearing on whether any given work product document was communicated to
19 BODI, in which case it might affect BODI's state of mind, or uncommunicated, in which
20 case it would not. BODI asks this Court to find, under the rationale of *EchoStar*, that the
21 identity of the lawyer providing the opinion and that lawyer's affiliation, if any, with a law
22 firm, is irrelevant and that the sole relevant inquiry is what the alleged infringer knew or did
23 not know.

24 Informatica also claims that BODI's trial counsel must produce its communications
25 and work product because Mr. Albert allegedly was not in any way separated from BODI's
26 trial counsel. Mr. Albert has stated under oath that he has never been a member of the
27 Townsend litigation team and that his last communication with trial counsel about the
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1 Informatica patents-in-suit was over three years ago, on November 14, 2002. [See Docket
2 No. 199 ¶ 6]. There is no evidence that Mr. Albert communicated with BODI's trial counsel,
3 even though they are members of the same firm as Mr. Albert.

4 Finally, BODI asks the Court for procedural reasons not to compel any further
5 response to Interrogatory 3, which it contends is improper for reasons that have nothing to
6 do with the work product doctrine and the waiver resulting from the advice-of-counsel
7 defense. BODI contends that any dispute over BODI's response to Interrogatory 3 was
8 resolved during the meet and confer between counsel, and the decision by the court in
9 *EchoStar* does not affect this resolution. Prior to filing this motion, counsel for BODI agreed
10 to supplement its response to Interrogatory 3, but at all times maintained that it would not
11 conduct any product comparisons requested by the interrogatory that had not been
12 previously conducted, and that it would not create work product that did not already exist.
13 [Docket No. 201 ¶¶ 5-6 & Exh. 3.]

14 Counsel for Informatica admits that this is all that BODI's counsel agreed to do,
15 [Docket No. 207 ¶ 6], but now contends that this agreement was not a resolution of the
16 dispute, but rather was a unilateral agreement by BODI to provide additional information,
17 which Informatica could then review and either accept or reject. [Id. ¶ 7.] BODI says it did
18 not agree to provide a supplemental response simply so Informatica could review it and then
19 file this motion anyway. Rather, says BODI, the agreement was that BODI's production of
20 the supplemental response would resolve all disputed issues. [Docket No. 201 ¶ 5, 9.]

21 This Court is not in a position to enforce agreements over which the parties now
22 disagree. It can only apply the law to the facts in this case, and therefore declines to base its
23 decision on any putative agreement between the parties. The legal and factual analysis
24 follows.

25 Analysis

26 The question before this Court is the scope of the waiver of privilege by BODI after it
27 asserted an advice-of-counsel defense.

1 Federal Circuit law, rather than the law of the regional circuit, applies to substantive
2 legal issues in a patent case.

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4 In this petition, we apply our own law, rather than the law of the regional circuit. This
5 case involves the extent to which a party waives its attorney-client privilege and work-
6 product immunity when it asserts the advice-of-counsel defense in response to a
7 charge of willful patent infringement. "Federal Circuit law applies when deciding
8 whether particular written or other materials are discoverable in a patent case, if
9 those materials relate to an issue of substantive patent law."

10 *In re EchoStar*, 448 F.3d at 1298.

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12 In the underlying case, TiVo sued EchoStar for infringement of its U.S. Patent No.
13 6,233,389 ("the '389 patent"). In response to the allegation of willful infringement, EchoStar
14 asserted the defense of reliance on advice of counsel. Prior to filing the action, EchoStar
15 relied on advice of in-house counsel. After the action was filed, EchoStar obtained additional
16 legal advice from Merchant & Gould but elected not to rely on it. Presumably to explore
17 further EchoStar's state of mind in determining that it did not infringe the patent, TiVo sought
18 production of documents in the possession of EchoStar and Merchant & Gould.

19 The district court ultimately found waiver of immunity for all work product of Merchant
20 and Gould, both pre and post-filing of the complaint, whether or not communicated to
21 EchoStar. EchoStar petitioned the Federal Circuit for a writ of mandamus with respect to
22 Merchant and Gould documents not communicated to EchoStar. No in-house counsel
23 documents were at issue.

24 Questions of privilege and discoverability that arise from assertion of the advice-of-
25 counsel defense necessarily involve issues of substantive patent law, *see In re Spalding*
26 *Sports Worldwide, Inc.*, 203 F.3d 800, 803-04 (Fed.Cir.2000) (applying Federal Circuit law to
27 question of attorney-client privilege between patent attorney and patentee). *Id.*
28

1 The attorney-client privilege protects disclosure of communications between a client
2 and his attorney. *U.S. v. Zolin*, 491 U.S. 554, 562 (1989); *Upjohn Co. v. U.S.*, 449 U.S. 383,
3 389 (1981). Once a party announces that it will rely on advice of counsel, for example, in
4 response to an assertion of willful infringement, the attorney-client privilege is waived. “The
5 widely applied standard for determining the scope of a waiver of attorney-client privilege is
6 that the waiver applies to all other communications relating to the same subject matter.” *Fort*
7 *James Corp. v. Solo Cup Co.*, 412 F.3d 1340, 1349 (Fed.Cir. 2005). Cited in *In re EchoStar*,
8 448 F.3d at 1298 -1299.

11 In contrast to the attorney-client privilege, the work-product doctrine, or work-product
12 immunity as it is also called, can protect “documents and tangible things” prepared in
13 anticipation of litigation that are both non-privileged and relevant. Fed.R.Civ.P. 26(b)(3).
14 Unlike the attorney-client privilege, which protects all communication whether written or oral,
15 work-product immunity protects documents and tangible things, such as memorandums,
16 letters, and e-mails. The work-product immunity promotes a fair and efficient adversarial
17 system by protecting “the attorney's thought processes and legal recommendations” from
18 the prying eyes of his or her opponent. *In re EchoStar*, 448 F.3d at 1301.

21 A party may discover work product if the other party waives its immunity. However,
22 work product waiver is not a broad waiver of all work product related to the same subject
23 matter like the attorney-client privilege. Instead, work-product waiver only extends to
24 “factual” or “non-opinion” work product concerning the same subject matter as the disclosed
25 work product. *Id.* at 1302 (internal citations omitted).

1 When a party relies on the advice of counsel as a defense to willful infringement the
2 party waives its attorney-client privilege for all communications between the attorney and
3 client, including any documentary communications such as opinion letters and memoranda.
4
5 *Id.* (citing *AKEVA LLC*, 243 F.Supp.2d at 423.

6 The court in *Echostar* recognized at least three categories of work product that are
7 potentially relevant to the advice-of-counsel defense: (1) documents that embody a
8 communication between the attorney and client concerning the subject matter of the case,
9 such as a traditional opinion letter; (2) documents analyzing the law, facts, trial strategy, and
10 so forth that reflect the attorney's mental impressions but were not given to the client; and
11 (3) documents that discuss a communication between attorney and client concerning the
12 subject matter of the case but are not themselves communications to or from the client. The
13 court concluded that waiver extends to the first and third categories but not to the second. *In*
14 *re Echostar*, 448 F3d at 1303.

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16
17 The court in *Echostar* found that the relevant inquiry is not into the attorneys's files,
18 but into the infringer's state of mind:

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20 Work-product waiver extends only so far as to inform the court of the infringer's state
21 of mind. Counsel's opinion is not important for its legal correctness. It is important to
22 the inquiry whether it is "thorough enough, as combined with other factors, to instill a
23 belief in the infringer that a court might reasonably hold the patent is invalid, not
24 infringed, or unenforceable." It is what the alleged infringer knew or believed, and by
25 contradistinction not what other items counsel may have prepared but did not
26 communicate to the client, that informs the court of an infringer's willfulness.

27 *In re EchoStar*, 448 F.3d at 1303 (internal citation omitted)

28 Where there is an allegation of continuing infringement, waiver may extend to post-
filing work product as well, if it is communicated to the client.

1 EchoStar contends that waiver of opinions does not extend to advice and work
2 product given after litigation began. While this may be true when the work product is
3 never communicated to the client, it is not the case when the advice is relevant to
4 ongoing willful infringement, so long as that ongoing infringement is at issue in the
litigation.

5 See *AKEVA LLC*, 243 F.Supp.2d at 423 (“[O]nce a party asserts the defense of advice of
6 counsel, this opens to inspection the advice received during the entire course of the alleged
7 infringement.”) *In re EchoStar*, 448 F.3d at 1303.

8 In the case at bar, Informatica alleges that BODI continues to infringe Informatica’s
9 patents (Complaint at paragraphs 13, 15, 17, 18, 20, 24, 25, 27, 29 and 31.)

11 Conclusion and Order

12 This Court, after weighing all the persuasive authority, concludes that the Federal
13 Circuit has the final word in a patent case on the subject of the scope of waiver of attorney-
14 client privilege and the work product protection for discovery relevant to a substantive issue
15 after assertion of the advice-of-counsel defense. The court in *Echostar* makes it crystal clear
16 that attorney-client communications on the subject of the opinion BODI relies on for its
17 defense are subject to waiver, as well as documents, including work product, which
18 reference these communications. Similarly, both pre- and post-filing work product is
19 potentially relevant to the alleged infringer’s intent where there is an allegation of continuing
20 infringement and are therefore also subject to waiver. However, only work product which
21 has either been communicated to the alleged infringer or refers to communications is
22 relevant to intent and therefore subject to waiver by assertion of the advice-of-counsel
23 defense.

24 This Court finds that, according to the analysis in *Echostar*, what is significant is the
25 state of mind of BODI and not the affiliation of BODI’s attorneys, and that privilege has been
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1 waived with respect to pertinent communications and work product of all counsel in this
2 case. Attorney legal opinions, impressions and trial strategy unrelated to the opinion on
3 which BODI relies may be redacted from documents to be produced to Informatica. The
4 Federal Circuit in *Echostar* cautioned that the parties should protect such information.
5

6 Still, we must emphasize that such communications may contain work product of the
7 second kind-legal analysis that was not communicated. In those situations, the
8 parties should take special care to redact such information, and if necessary the
district court may review such material in camera.

9 *In re EchoStar*, 448 F.3d at 1304.

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11 While opinion counsel and trial counsel can be walled off from each other, the
12 immurement is immaterial – what matters, according to the decision by the Federal Circuit
13 in *Echostar*, is the state of mind of BODI.

14 For all the above reasons, Informatica's motion to compel further responses from
15 BODI is granted. This Court finds that, by asserting advice of counsel as a defense to a
16 charge of willful infringement of Informatica's patents, BODI waived privilege for both pre-
17 and post-filing pertinent attorney-client communications and work product. Under the
18 analysis in *Echostar*, it is immaterial whether BODI's opinion counsel and trial counsel are
19 from the same firm, different firms or are even the same person. What matters is that:
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21 1. BODI relies on advice of counsel as a defense to Informatica's charge that it
22 willfully infringed Informatica's patents;
23

24 2. Therefore, BODI waives privilege for communications with counsel on the subject
25 of the opinion or advice on which it relies as well as work product on that subject
26 communicated to BODI or which refers to communications on that subject;
27

28 3. Informatica alleges that BODI continues to infringe Informatica's patents;

1 4. Therefore Informatica is entitled to information subject to waiver which BODI
2 received even after Informatica filed its complaint;

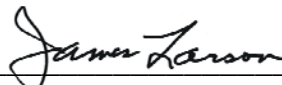
3 5. The categories of information which BODI must turn over to Informatica include (a)
4 attorney-client communications with any counsel on the subject of the opinion or advice on
5 which BODI relies; (b) work product communicated to BODI on that same subject; (c) work
6 product which reflects any communication on that subject.
7

8 Attorney legal opinions, impressions and trial strategy unrelated to the opinion on
9 which BODI relies may be redacted from documents to be produced to Informatica.
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11 All responsive discovery which is being withheld as privileged for which privilege has
12 been waived as discussed above shall be produced within twenty days of the e-filing of this
13 order. BODI shall at the same time produce a privilege log for all other withheld documents,
14 in compliance with the decision in *In re Grand Jury Investigation*, 974 F.2d 1068, 1070 (9th
15 Cir. 1992), citing *Dole v. Milonas*, 889 F.2d 885, 888 n. 3, 890 (9th Cir. 1989).
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17 IT IS SO ORDERED.

18 DATED: July 14, 2006

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20 JAMES LARSON
21 Chief Magistrate Judge
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